

March 21, 2022

The Honorable John Fonfara, Co-Chair
The Honorable Sean Scanlon, Co-Chair
The Honorable Henri Martin, Ranking Member
The Honorable Holly Cheeseman, Ranking Member
Finance, Revenue and Bonding Committee
Connecticut General Assembly
Legislative Office Building, Room 3700
Hartford, CT 06106

Subject: HB 5477 Concerning Sales Tax Remittance for Certain Marketplace Facilitator Transactions (SUPPORT)

Dear Chairmen Fonfara and Scanlon and Ranking Members Martin and Cheeseman:

On behalf of Expedia Group, a global leader in online travel services, I am writing in support of House Bill 5477. This legislation would streamline Connecticut's marketplace facilitator law by clearly designating the rental car company—as marketplace *seller*—as the tax-responsible party in car rental transactions facilitated by an online travel company. This clarification is consistent with current practice, under which taxes are already accurately calculated, collected, and remitted.

Expedia Group is a family of more than twenty brands that empower travelers with the information and services to bring the world within reach. Our portfolio includes platforms such as Expedia, Orbitz, Hotwire, and CarRentals.com. Accordingly, we have a direct interest in legislation that affects travel marketplaces.

In the case of rental car transactions facilitated by online travel companies such as Expedia Group, HB 5477 is sound and necessary policy because marketplace facilitators do not have sufficient information to accurately compute the taxes due for car rental bookings for all suppliers. Furthermore, car rental customers often modify their bookings at the rental counter, which can drastically change the taxes and other charges that apply to the rental. Only the rental car company is in the position to remit these taxes correctly based on the final rental arrangement agreed upon at the counter. Adding requirements for the marketplace facilitator only complicates tax remittance by requiring that both parties be responsible for only a portion of the transaction. Finally, rental car companies are currently remitting tax on these transactions and are under continuous audit by the Connecticut Department of Revenue, and therefore there is no tax leakage on these transactions.

If HB 5477 becomes law, car rental companies, marketplace facilitators, and state auditors will operate within a more clearly defined tax system. This codification will lead to more transparency within the industry, which will benefit businesses, the state, and consumers. For these reasons, I respectfully request that you vote yes on this legislation. Should you have any questions, please contact me at trarobinson@expediagroup.com.

Sincerely,



Tracie Robinson
Regional Manager, Government and Corporate Affairs